

## STATEMENT OF PURPOSE

### RS21546

This legislation creates another tool for Idaho to finance major highway construction projects. The legislation would authorize the Idaho Transportation Department (ITD) Board and the Idaho Department of Commerce (Commerce) to jointly identify highway construction projects that will have revenue-positive economic impacts. If ITD and Commerce find that a highway construction project creates revenue-positive economic impacts greater than twice the cost of construction over a thirty (30) year period, the agencies would be authorized to create a Transportation and Economic Development Zone (TEDZ) surrounding the highway project. The TEDZ would be used to determine the cumulative revenue-positive sales tax impacts within the TEDZ stimulated by and resulting from construction of the highway. Those cumulative revenue-positive sales taxes created could then be used to finance any debt service and capitalized interest used for constructing the highway.

### FISCAL NOTE

As per the legislation, the economist at the direction of the Idaho Transportation Department and the Idaho Commerce Department would establish the TEDZ boundary based upon two criteria: (i) revenue positive sales tax impacts over the base year, being the preceding 12 month period, having a net positive increase in sales tax revenues equal to the debt service and the debt service coverage ratio; and (ii) positive economic impacts equal to at least two times the approved state highway project cost. In addition, capitalized interest will be used creating a debt service reserve for the first three years of the TEDZ financing. No negative impact can occur to the general fund or the TEDZ will not be formed.

#### Contact:

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